

DIVISIONS

Archives
Business Programs
Business Filings
Notary Public
Uniform Commercial Code
Elections
Information Technology
Management Services
Political Reform

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Secretary of the Senate
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E. Dotson Wilson
Assembly Chief Clerk
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Gentlemen:

This report is submitted pursuant to the provisions of Section 84602 (j) of the Online Disclosure Act as amended (Chapter 917, Statutes of 2001). The provisions require the Secretary of State to provide the Legislature periodic updates on the status of California's online campaign and lobbying disclosure system.

I am pleased to report that my office is moving forward in a timely fashion to accomplish the Legislature's most recent mandate, which is to have an optional web-based, free online filing process available for campaign and lobbying entities by the end of this year.

When the new system is fully operational, filers utilizing their own computers will be able to traverse the Internet to the appropriate location on the Secretary of State's web site, type in the required disclosure information, verify it, and then submit it. It will be as simple as that, and at no charge.

Of course, if they choose, filers may continue to employ the current system of contracting with a private vendor for a fee, using the vendor's software program to assemble and file disclosure reports.

The program under development has been named Cal Online, and, as noted, it will provide campaign and lobbying filers another method of submitting data for display on the Secretary of State's web site. It, in effect, will be a subsystem for Cal-Access, the California Automated Lobbying and Campaign Contribution & Expenditure Search System that has been operating for the past two and a half years.

The purpose of the complex data collection systems remains the same: to provide California voters with the most up-to-date information possible about the sources and amounts of money in state election campaigns, and about the interest groups and the amount of payments made to lobby state government.

In the months leading up to the recent March Primary Election, the Cal-Access web site received more than 500,000 "hits," indicating strong public and news media interest in the campaign contribution and spending reports posted there. The information on the web site (www.ss.ca.gov) was derived from approximately 35,000 electronic filings with my office, including 15,724 submitted by campaign committees, 10,223 by candidate committees, 8,972 by major donor/independent expenditure committees, and 210 by slate mailer organizations.

During the past year, we also successfully modified Cal-Access to accommodate new campaign finance disclosure requirements mandated by Proposition 34, the legislative reform measure overwhelmingly approved by voters at the November 2000 General Election. That measure, among other things, established new limits on campaign contributions, voluntary spending limits, and a 90-day "election cycle" preceding election day during which contributions of \$1,000 or more are disclosed by committees within 24 hours of receipt. The system also was altered to receive and post on the web site all contributions of \$5,000 or more received outside the 90-day cycle.

Also as a result of passage of Proposition 34, we developed two new online disclosure forms, one to capture payments for "issue advocacy" communications, and the other payments for ballot measure paid spokespersons. These two forms represented our first successful venture into free online filing.

The new Cal Online filing project currently under development by my office was authorized by Assembly Bill 696 (Longville), a measure that won overwhelming bipartisan support in the Legislature last year. It specifically requires my office to develop a "means or method whereby filers...may submit required filings free of charge (provided that they) shall not exceed the minimum requirements necessary to fulfill the disclosure provisions" of the Political Reform Act.

I have imposed one more requirement on my development team: The finished product must be USER FRIENDLY. The disclosure requirements of the Political Reform Act, whether they be campaign or lobbying, are complex and detailed. The system for filing the information about contributions, expenditures, or payments should not make the process even more difficult. Most users (filers) are not computer experts, and many are intimidated by complex data-entry programs. As a result, I have instructed my programmers and graphic designers to make Cal Online simple and easy to use.

It is our assumption that the vast majority of candidates, campaign committees, and lobbying entities will be attracted to this new web-based filing system, not only because it will be cost-free, but because it will be convenient, easily accessible, intuitive, and self-guided. Most importantly, it will provide timely and quality campaign and lobbying disclosure filings for public display on the Cal-Access web site.

We also will continue to emphasize security in the development of the new system, requiring filer identification and password combination entries, and utilizing standard encryption protocols. Filers will be able to access their "accounts" at will right up to filing deadlines, entering new data or modifying previous entries. Depending on the type of filer, the system also will offer "pre-populated data" (i.e. a committee name, id number, client, etc.) that will make filing more efficient and less time-consuming.

It will be a data-driven as opposed to a form-based entry system with guidelines, instructions, and questions that will easily guide filers through the process. When completed, they will be able to save and generate paper versions of their reports. The filing of paper copies of reports will continue to be required until such time as the Secretary of State determines that electronic and online filing are operating successfully.

The new Cal Online filing system is being developed in three phases. The first phase will include the "forms" for reporting late contributions and independent expenditures and slate mailer payments, and will be available prior to the November General Election. It also will include registration forms for lobbyists, lobbying firms, and lobbyist employers that will be accessible prior to the beginning of the next registration period on November 1, 2002. The second development phase will include all of the major campaign disclosure statements, and the third phase will include the less frequently used campaign statements and slate mailer reports. All of the work will be completed by the December 31, 2002 deadline prescribed in AB 696 based on current projections.

As we proceed through the development process, my office will be extending invitations to candidates, campaign treasurers and lobbyists to participate in user testing. User feedback will be critical to ensuring the development of an intuitive and well-utilized system.

I look forward to working with the Legislature to make Cal Online a success, and to continue to improve Internet disclosure of campaign and lobbying activities. In the long run, the voters are the real winners.

Respectfully submitted,

BILL JONES
Secretary of State

cc: Legislative Counsel